

Message Text

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ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 STRE-00 AGR-05 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-10 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05
SS-15 STR-07 ITC-01 TRSE-00 ICA-11 SP-02 SOE-02
OMB-01 DOE-15 EUR-12 /128 W
-----127135 191827Z /45

R 191735Z JUN 78

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 0920

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PASS STR AND USDA ELECTRONICALLY

E O 11652: N/A

TAGS: EAGR, ETRD, MTN, MX

SUBJECT: U.S.-MEXICO TOMATO CONSULTATIONS

1. SUMMARY: U. S./MEXICO CONSULTATION ON TOMATO PRODUCTION AND MARKETING HELD JUNE 15 AND 16 CHARACTERIZED BY FULL AND AMICABLE EXCHANGE OF VIEWS AND DATA ON BOTH COUNTRIES' INDUSTRIES. DISCUSSION COVERED PRODUCTION AND COST DATA, PROBLEMS FACED BY BOTH INDUSTRIES, PESTICIDE USE AND REGULATIONS, MARKETING TECHNIQUES AND GOVERNMENT PROGRAMS. PARTICIPANTS AGREED FURTHER EXCHANGE OF INFORMATION AND CONSULTATIONS NECESSARY FOR MUTUAL COOPERATION AND IMPROVEMENT OF MARKET CONDITIONS. NEXT MEETING TO BE HELD BEFORE START OF 1978-79 MARKETING YEAR, AND BOTH SIDES WILL EXAMINE CERTAIN PROPOSED SOLUTIONS. END SUMMARY.

2. U. S./MEXICAN TRADE SUBCOMMITTEE'S CONSULTATIVE GROUP ON AGRICULTURE MET JUNE 15-16 TO DISCUSS TOMATO PRODUCTION AND TRADE. IN AN INFORMAL AND OPEN EXCHANGE, U. S. DEL, LIMITED OFFICIAL USE

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CHAired BY STARKEY (STR), OPENED MEETING BY DESCRIBING PROBLEMS FACED BY U. S. WINTER TOMATO INDUSTRY IN FLORIDA. DEL EXPRESSED U. S. INDUSTRY CONCERN OVER CONDITIONS DURING 1976/77 AND 1977/78 SEASONS, WITH LOW RETURNS PERCEIVED AS A FUNCTION OF INCREASED IMPORTS FROM MEXICO, AND ALLEGATIONS OF IMPORT PRICES CONSISTENTLY BELOW MEXICAN COST OF PRODUCTION. U. S. DEL DESCRIBED FLORIDA

PRODUCER REACTIONS AND EFFORTS TO DEAL WITH SITUATION, INCLUDING CONGRESSIONAL HEARINGS, SEC 204 PETITION FOR ACTION TO RESTRICT IMPORTS, AND LEGISLATIVE PROPOSALS FOR UNILATERAL ACTION BY USG.

3. MEXICAN DEL, CHAIRED BY FRANCISCO RAMOS CANTORAL ON FIRST DAY AND EFRAIN NIEMBRO CARSI ON SECOND, ACKNOWLEDGED SOME UNDERSTANDING OF U. S. PRODUCER PROBLEMS AND EXPRESSED INTEREST IN FURTHER INFORMATION ON FLORIDA PRODUCER SITUATION. GOM DEL THEN DESCRIBED SITUATION OF CURRENT MEXICAN TOMATO PRODUCTION, INCLUDING ACREAGE, EMPLOYMENT AND LIMITED PROPORTION OF MEXICAN PRODUCTION EXPORTED TO U. S. MEXICAN DEL SPOKE OF EFFORTS TO DIVERSIFY EXPORT MARKETS AND OF LIMITED POTENTIAL FOR UNILATERAL RESTRICTIVE ACTION RE EXPORTS TO U. S. INCREASED MEXICAN PENETRATION OF U. S. MARKET IN PAST DECADE WAS ATTRIBUTED TO DEMAND AND, MORE RECENTLY, SHORTFALLS IN FLORIDA PRODUCTION.

4. U. S. DEL INQUIRED AS TO HOW GOM PLANS PRODUCTION ACREAGE AND REGULATES EXPORTS. GOM DEL DESCRIBED QUALITY RESTRICTIONS AND CHARACTERIZED ACREAGE PLANNING PROCESS AS INFORMAL MUTUAL PRODUCER/MINAG DECISION BASED ON PREVIOUS YEAR YIELDS, RETURNS, AND EXPORT PRICE REFERENCE. U. S. DEL POINTED OUT THAT FUTURE DECISIONS BASED ON RECENT RETURNS LIKELY TO RESULT IN OVERSUPPLY SITUATION LIMITED OFFICIAL USE

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IF FLORIDA HAS NORMAL PRODUCTION YEAR. U. S. DEL THEN DESCRIBED U. S. DOMESTIC PLANNING AS A FUNCTION OF UNILATERAL GROWER DECISIONS BASED ON AVAILABLE MARKET INFORMATION, IN CONJUNCTION WITH DOMESTIC MARKETING ORDERS.

5. MEXICAN DEL ACKNOWLEDGED LIMITATIONS IN CURRENT SYSTEM AND EXPRESSED DESIRE FOR IMPROVED GROWER RETURNS THROUGH INCREASED INFORMATION EXCHANGE. BOTH DELS AGREED THAT MORE EXTENSIVE EXCHANGE OF INFORMATION ON PRODUCTION, MARKETING AND COST DATA NECESSARY TO IMPROVE MARKET CONDITIONS. U. S. DEL PROVIDED INFORMATION ON RANGE OF PUBLICATIONS AVAILABLE TO DOMESTIC AND MEXICAN PRODUCERS ALIKE, AND GOM DEL DESCRIBED GOM ACTIVITIES IN RESEARCH, SEASONAL PRODUCTION DIVERSIFICATION, AND IMPROVED INFORMATION DISSEMINATION TO PRODUCERS.

6. U. S. DEL EXPRESSED CONCERN OVER INCREASED MEXICAN PENETRATION OF U. S. MARKET, BUT REITERATED U. S. PRODUCER SENTIMENTS THAT FREE TRADE IS FINE SO LONG AS IT REMAINS FAIR TRADE. U. S. DEL NOTED THAT SOME OF THE U. S. CONCERNS COULD BE ALLEVIATED IF GOM WERE TO BEGIN PERMITTING IMPORTS OF U. S. HORTICULTURAL PRODUCTS. GOM DEL DENIED ANY INTENT TO UNDERCUT U. S. MARKET, PROMISED TO PROVIDE

PRODUCTION COST DATA TO U. S. DEL, AND CITED LIMITATIONS
OF AVAILABLE MEXICAN DATA.

7. RE PESTICIDE USE AND REGULATIONS, DELS EXCHANGED INFOR-
MATION ON AUTHORIZED PESTICIDES AND TOLERANCES. MEXICAN
DEL EXPLAINED GOM EFFORTS TO CONFORM TO U. S. USE AND
TOLERANCE STANDARDS AS WELL AS RAPIDLY EXPANDING DOMESTIC
RESEARCH, SAMPLING, AND TESTING ACTIVITIES IN CONJUNCTION
WITH FDA/EPA GUIDANCE. DELS DISCUSSED POTENTIAL FOR JOINT
QUALITY ASSURANCE PROGRAM, AND MEXICAN DEL PRAISED JOINT
EFFORTS STEMMING FROM 1977 MEMO OF UNDERSTANDING. MEXICAN
DEL ALSO DESCRIBED TRILATERAL GROUP (U. S./MEXICO/CANADA)
BEING FORMED TO EXCHANGE INFORMATION ON RESEARCH AND CON-

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8. BOTH DELS AGREED TO CONDUCT FOLLOWUP CONSULTATION AND
EXCHANGE OF INFORMATION, WITH U. S. AGATT DESIGNATED AS

U. S. CONTACT POINT. GOM DEL INFORMALLY SUGGESTED BOTH SIDES EXAMINE POSSIBILITY OF ALTERING CURRENT CONSIGNMENT SALE PROCESS DUE TO ITS IMPACT ON PRICES. GOM ALSO RAISED POSSIBILITY OF MOVING POINT OF SALE TO PRODUCTION AREAS AND THE DEVELOPMENT OF INFRASTRUCTURE, INCLUDING TAX INCENTIVES FOR PRODUCER, TO DISPERSE MEXICAN EXPORT SHIPMENTS TO OTHER BORDER CROSSING POINTS AND TO DIVERSIFY EXPORT MARKETS. DELS DECIDED TO DISCUSS THESE AND OTHER IDEAS AT FOLLOWUP MEETING PRIOR TO NEXT MARKETING SEASON. GOM SUGGESTED NEXT MEETING BE IN WASHINGTON IN SEPT-OCT, WITH POSSIBLE PRODUCER PARTICIPATION. LUCEY

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